



Terms of Reference

Consultancy for the Assessment of Nature Positive Financing and Investment Opportunities in Kenya August 2024

Background

The Kenya Bankers Association (KBA) is the financial sector's leading advocacy group, and the umbrella body of the institutions licensed and regulated by the Central Bank of Kenya (CBK) with a current membership of 46 financial institutions.

KBA is proud to champion the Sustainable Finance Initiative (SFI) as one of the measures in safe-guarding and supporting the banking industry and by extension, Kenyans. In 2015, the Association spearheaded the banking sectors' adoption of the industry's SFI Guiding Principles that would shape the Priorities, Procedures and Policies on Sustainable Finance. This significant milestone marked the point at which banks were guided on balancing their immediate business goals with the economy's future priorities and socio-environmental concerns.

The principles are in line with international best practices and are consistent with the financial sector's ambition to create long-term value for banks, their clients and the society as a whole.

Through its SFI e-learning training, bank staff capacity has been built for the past eight years, to promote financial inclusion for marginalised groups while addressing challenges such as climate change, resource scarcity, environmental degradation and social exclusion that have the potential to undermine sustainable economic growth.

Nature Positive Financing and Investment Opportunity

On many fronts, nature underpins economies and society. From a global standpoint, ecosystem services are estimated to be worth [\\$125 trillion](#) annually, and they support key economic sectors such as the agriculture, fishing, forestry, and tourism that employ about [1.2 billion people](#).

A recent World Economic Forum report estimates that [more than half of the world's GDP \(\\$44 trillion\)](#) is moderately or highly dependent on nature and its services and therefore potentially exposed to nature loss. About [1.6 billion people](#) rely directly on the world's

forests for food, income, and livelihoods. Healthy ecosystems also [enhance humanity's resilience](#) to future shocks by strengthening food security, protecting us from climate impacts, mitigating climate change, and improving our health. As such, investing in nature-positive models provides a strong long term investment case.

With this appreciation, the financial services sector is critical towards financing and investing in nature-positive companies and models to ensure the strengthening of Kenya's ecosystem services. To encourage nature-positive outcomes in the country through leveraging the banking industry's unique role, a demand and supply study needs to be undertaken to quantify the investment and financing opportunity available in advancing a nature positive economy. KBA together with its partners is pleased to engage a consultant/s to carryout this study.

Objectives of the Study and Scope of Work

The overall objective of the consultancy is to:

- Assess, classify and summarise key sectors and examples of investable nature-positive business models that would be suitable for the local economy.
- Estimate the investment and financing opportunity for these models, i.e. the size of the nature investment opportunities, type of projects, and finance demand (both volume and capital type - e.g. debt, equity, other) in selected sectors in Kenya over the short (next 6 months), medium (6 months to 2 years) and long-term (2 years to 10 years).
- Provide guidance on the credit risks associated with the sectors, as well as credit risks associated with proposed projects, indicating the credit pricing effect of these risks. This guidance should include and compare the credit risk of both nature-positive sectors/models, and the risks associated with nature loss in current core investment sectors for banks in Kenya.
- Create a central database of investable nature-positive projects.
- Identify the barriers that may hinder the pipeline of nature positive projects and associated investments and finance from growing (lack of policy and other incentives, lack of data, capacity etc).
- Put forward recommended solutions to overcome these barriers (regulatory and fiscal incentives, new partnerships, new business models etc).
- Provide actual examples; develop proposed solutions and bankable investment proposals for 4 key selected investment projects.

Methodology

The consultant should follow the methodology components and criteria below in relation to the assessment of the pipeline and its bankability.

- Market characteristics (Size, growth, sectors and subsectors, trends, success factors, barriers and gaps, etc.)
- Project characteristics (Size, sector(s), stakeholders, financing, complexity, etc.)
- Program characteristics (Focus, structure, stakeholders, impact, barriers and gaps, etc.)
- Bankability (readiness to be financed through existing financial mechanisms)
- Scalability (replicability of project processes, tools, financing structures, etc.)
- Potential impact (GHG emissions reductions, economic savings, etc.)
- Institutional capacity and effectiveness (Government agencies, financial institutions, energy efficiency market participants, end-users, etc.)
- Available financing mechanisms and instruments (loans, equity, funds, facilities, green bonds, credit enhancement, etc.)
- Risks (financial, political, technical, currency, etc.)

Qualifications

The preferred qualifications of the Consultant include:

- Proven experience in undertaking similar assignments in the financial services sector with a bias for Kenya;
- Solid track record of conducting detailed market assessments;
- Significant work experience with financial instruments and mechanisms, project finance, and Public-Private partnerships for project development;
- Solid track record of designing financial products targeting green and nature positive initiatives;
- Sound ability to prepare, edit and synthesize a variety of written documents, reports, and briefs;
- Demonstrated ability to deliver on the project objectives within a period of 2 months; and
- Excellent interpersonal/ communication skills and ability to articulate ideas in a clear and accurate manner.

The assignment should be undertaken within **60 Days**. When submitting their proposal the Consultant(s) should recommend their anticipated workplan and number of days. International consultants will be expected to partner with local consultant(s) with relevant expertise aligned to the objectives of the assignment. The suggested allocation of field and deskwork time is as follows:

- Fieldwork 5%
- Deskwork 95%

Schedule

- Call for Proposals: 14th August 2024

- Response deadline: 26th August 2024
- Assessment: Week of 27th August 2024
- Interviews with Shortlisted Candidates: 3rd September 2024
- Notification: 5th September
- Contracting: Week of 11th September
- Commencement of Assignment: 16th Sep 2024
- End of Assignment: 20th Nov 2024

Procedure

Interested candidates are requested to send the following:

- Response letter demonstrating an understanding of the context, background and objectives of the project.
- Overview of the consultant company detailing key clients and projects with similar scope
- Proposal including detailed work plan (outlining roles, responsibilities and contribution of each party for coalitions), timeline in Gantt chart form, milestones and deliverables.
- Financial proposal indicating compensation terms including costs per activity, daily rate, number of days, and any travel and accommodation costs (few expected of the latter).
- A case study of a related assignment, outlining project deliverables, stakeholders, budget and outcomes. The case study should be no more than 2 pages.
- Bio profile and Resume of the prospective consultants assigned to the project outlining respective capabilities and relevance to the project

Submissions should be sent via email to sfi@kba.co.ke before Noon on 26th August 2024.